



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 2314 (1941)
June 26, 1991

SUBJECT: Youth Loans

TO: All State Directors, District Directors and County
Supervisors

ATTN: Farmer Programs Chiefs

PURPOSE/INTENDED OUTCOME:

This Administrative Notice (AN) is intended to address the loan purposes for which youth loans can be made and clarify that an individual must be a member of a sponsoring organization to be eligible for the loan.

COMPARISON WITH PREVIOUS AN:

This AN replaces AN No. 2259 (1941) which was issued on March 28, 1991, with an incorrect expiration date of March 31, 1991.

IMPLEMENTATION RESPONSIBILITIES:

FmHA Instruction 1941-A, Section 1941.13 does not specifically state that an individual youth be a legitimate member of the sponsoring organization, e.g., 4-H Club, Future Farmers of America or similar organizations. However, the definition of rural youth projects found in Section 1941.4 brings more clarification to this subject. In this definition, the rural youth must be participating in a sponsoring organization.

Therefore, prior to eligibility determination by the County Committee, County Supervisors should investigate applicants to verify that they are, in fact, bona fide members of a sponsoring organization as noted in the subject regulation.

FmHA Instruction 1941-A, Section 1941.13 does not specify the activities for which youth loan funds can be used. However, FmHA Instruction 1941-A, Section 1941.16 describes the general purposes for which youth loans may be made. Furthermore, FmHA Instruction 1941-A, Section 1941.13 requires a youth loan to be recommended by a project advisor such as a 4-H Club advisor, vocational teacher, home economics teacher, county extension agent, or other

EXPIRATION DATE: March 31, 1992

FILING INSTRUCTIONS:
Preceding FmHA
Instruction 1941-A

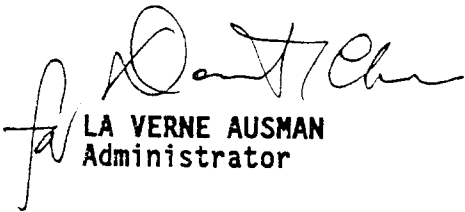


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organizational sponsor or advisor. Therefore, because of the range of activities/projects associated with such organizations, the proposed project does not have to be confined to raising livestock or crop production.

County Supervisors are reminded that the youth loan program is not intended to establish farming operations, but rather to provide rural youth with practical financial management and production experience, and to develop the sense of responsibility and reliability for making loan payments in accordance with their agreements.

It is important that the County Supervisor closely coordinate with the sponsor/advisor to ensure that the youth loan borrower receives supervision which will meet the objectives of this program. Joint supervisory visits to the borrower's operation should be scheduled with the sponsor/advisor at least annually to evaluate the progress being made.


LA VERNE AUSMAN
Administrator